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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	
	:	
GEROVA FINANCIAL GROUP, LTD.	:	Chapter 15 Case No.
	:	
Company in a Foreign Proceeding.	:	12-__________( )
	:	
	:	

In re:	:	
	:	
GEROVA HOLDINGS LTD.	:	Chapter 15 Case No.
	:	
Company in a Foreign Proceeding.	:	12-__________( )
	:	
	:	

DECLARATION OF ROBIN MAYOR

Robin J. Mayor, pursuant to 28 U.S.C. § 1746, hereby declares under penalty of perjury under the laws of the United States of America that the following is true and correct:

1. I am Head of Insolvency and a partner / director of the law firm of Conyers Dill & Pearman Limited, Bermuda counsel for Michael Morrison, Charles Thresh and John McKenna (the "**Petitioners**"), who were appointed joint provisional liquidators ("**JPLs**") of

Gerova Financial Group Ltd. ("**GFG**") and Gerova Holdings Ltd. ("**GHL**", and together with GFG, "**Gerova**") by the Supreme Court of Bermuda (the "**Bermuda Court**"). The JPLs were appointed for GFG on July 20, 2012, and for GHL on August 20, 2012.

2. I submit this declaration in support of the *Verified Petition of Foreign Representatives Michael Morrison, Charles Thresh and John McKenna in Support of Applications of Gerova Financial Group Ltd. and Gerova Holdings Ltd. for Recognition of Foreign Main Proceedings Pursuant to 11 U.S.C. § 1517 and Seeking Related Relief* (the "**Verified Petition**") and the *Motion of Foreign Representatives Michael Morrison, Charles Thresh and John McKenna for Interim and Provisional Relief Pursuant to Sections 105(a) and 1519 of the Bankruptcy Code Pending Recognition of Foreign Main Proceedings* (the "**Motion**") both filed contemporaneously herewith on behalf of Gerova by the Petitioners pursuant to sections 108, 1504, 1515, 1517, 1519, 1520 and 1521 of title 11 of the United States Code (the "**Bankruptcy Code**").[1]

3. Any statements as to matters of fact are, where based on matters within my own knowledge true and, where based on information supplied to me, believed by me to be true.

PROFESSIONAL BACKGROUND

4. I was admitted as a barrister of the Supreme Court of England and Wales in 1984 and was called to the Bermuda Bar in April 1985. I have a Bachelor of Laws Degree with honours. I have been employed as a litigation and insolvency attorney in Bermuda at

[1] Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Verified Petition.

Conyers Dill & Pearman Limited since 1 April, 1985. I became a partner of that firm in April 1992. My practice within Bermuda has been primarily in the fields of insolvency and corporate rescue and related litigation. I have published articles on Bermuda insolvency law in international journals and have been a speaker at numerous conferences on the subject. I am co-editor of Cross-Border Judicial Cooperation in Offshore Litigation (published by Wildy Simmonds & Hill) and contributing author for several additional cross-border publications on insolvency and restructuring.

5. I am a member (and former President) of the Bermuda Bar Association, the Insolvency Lawyers Association, the International Association of Insurance Receivers and INSOL.

6. I have had extensive experience in the practice of Bermuda insolvency law. I have acted for liquidators, creditors and other parties in relation to numerous winding-up proceedings, restructurings and cross-border insolvencies.

7. My firm has been retained by the Petitioners in connection with this matter in conjunction with the Petitioners' attorneys in the United States.

THE BERMUDA PROCEEDING

8. Bermuda law is chiefly based on English law and follows English common law and rules of equity. In Bermuda, insolvency proceedings relating to companies are governed by the Bermuda Companies Act 1981 (the "**Companies Act**"), Part XIII and the Companies (Winding-Up) Rules 1982 which are based respectively, on the English Companies Act 1948 and English Companies (Winding-Up) Rules 1949, with very little change.

9. GFG was registered in Bermuda on 13 September 2010 as an exempted company under the Companies Act. An exempted company is one which is exempted from provisions of Bermuda law applying to local companies, which, among other things, restrict the portion of share capital which may be owned by non-Bermudians. Thus exempted companies are predominantly owned by non-Bermudians and, although incorporated in Bermuda, may carry on business from within Bermuda normally only in connection with transactions and activities external to Bermuda.

10. Gerova is subject to compulsory winding-up proceedings. A compulsory winding-up proceeding is commenced by the filing of a petition with the Bermuda Court seeking a winding-up order, which (if granted) results in the liquidation of the insolvent company. The liquidation is conducted under the control of the Bermuda Court and is, I understand, roughly analogous to a proceeding under Chapter 7 of the Bankruptcy Code. The Bermuda Court appoints a liquidator who functions in a similar manner to a Chapter 7 trustee.

11. A petition for a winding-up order may be filed by the insolvent company itself or any of its creditors or shareholders: Companies Act, Section 163.

12. The Bermuda Court has jurisdiction to grant a winding-up order on eight separate grounds, including that:

12.1. the company (i.e., its shareholders) has resolved that the company shall be wound-up by the court;

12.2. the company is unable to pay its debts, taking into account contingent and prospective liabilities; and

12.3. the court is of the opinion that it is just and equitable that the company be wound-up.

13. A provisional liquidator may be appointed in a compulsory winding-up immediately following the presentation of the winding-up petition and before the making of a winding-up order. Usually, a provisional liquidator will remain in office until the Bermuda Court appoints a permanent liquidator following separate meetings of the shareholders and creditors of the company held after the making of a winding-up order, at which they vote on who the permanent liquidator should be. In practice, the person acting as provisional liquidator will usually be appointed as permanent liquidator.

14. By a winding-up petition dated 7 October 2011 (the "**GFG Petition**"), which was amended by an Amended Petition dated 10 April 2012 (the Amended Petition is referred to as the "**GFG Amended Petition**", a true copy of which is attached to this Declaration as Exhibit A, under the terms of the GFG Amended Petition) Maxim Group LLC, a creditor of GFG, requested that GFG be wound-up pursuant to the Companies Act. The Bermuda Petition commenced a compulsory liquidation proceeding against GFG in Bermuda. The Bermuda Court made an order winding-up GFG and appointing the Petitioners as Joint Provisional Liquidators of GFG by a winding-up order on 20 July 2012 (the "**GFG Winding-Up Order**", a true copy of which is attached to the Verified Petition as **Exhibit A**).

15. By a winding-up petition dated 15 August 2012 (the "**GHL Petition**", a true copy of which is attached to this Declaration as Exhibit B) GFG requested that GHL be wound-up pursuant to the Companies Act, commencing a compulsory liquidation proceeding against GHL in Bermuda. The Bermuda Court made an order appointing the Petitioners as Joint Provisional Liquidators of GHL on 20 August 2012 (the "**GHL Appointment Order**", a true

copy of which is attached to the Verified Petition as **Exhibit A**, and, together with the GFG Winding-Up Order, the "**Liquidation Orders**").

16. Under Bermuda law, the effect of the Liquidation Orders, among other things, is to provide injunctive relief that protects Gerova, and to grant the Petitioners the exclusive authority to act in respect of Gerova and its assets.

17. Pursuant to section 167(4) of the Companies Act, the Liquidation Orders bring into effect an automatic statutory stay of actions and proceedings against the company, with the effect that actions may not be commenced or continued against the company without leave of the Bermuda Court and subject to such terms as the Bermuda Court may impose. Pursuant to section 166 of the Companies Act, any disposition of the property of a company made after the presentation of a petition for the winding-up of the company is void unless approved by the Bermuda Court.

18. Under Bermuda law, upon the appointment of a provisional liquidator, all of the powers of the directors over the company cease and are assumed by the provisional liquidator, unless otherwise ordered by the Bermuda Court, which is not the case in respect of the Liquidation Orders. Accordingly, the power to act in the name of Gerova is now vested in the Petitioners. The Petitioners are the only persons who can speak for Gerova and the only persons who have the authority and power to give instructions on behalf of Gerova. The directors of Gerova retain only the residual power to cause Gerova to appeal against the Liquidation Orders.

19. The duties and powers of liquidators are set out in the Companies Act in Part XIII and apply equally to joint provisional liquidators appointed by a winding-up order. In

summary, the JPLs are therefore charged with the duty to ascertain, collect and preserve the assets of the company pending a determination of the claims against Gerova, and to distribute the assets, *pari passu*, to all unsecured creditors of Gerova in accordance with their agreed claims. Any surplus remaining after payment of all creditors, in full, is payable to the shareholders in accordance with their rights under the by-laws of GFG (section 225). Provisional liquidators are officers of the Bermuda Court. They are required to be independent of the prior management of Gerova and its creditors and are required to behave in an even-handed fashion between creditors or groups of creditors amongst themselves. They are required to act fairly and honourably and may be required to forgo strict legal rights if they are incompatible with moral justice and honest dealings: see the rule in *Ex Parte James* (1874) 9 Ch. App. 609, applied, e.g., *In Re Wyvern Developments Limited* [1974] 1 WLR 1097.

20. A provisional (or permanent) liquidator is subject to the control of the Bermuda Court in the performance of his functions, and may be removed by the Bermuda Court for cause. Any creditor may apply to the Bermuda Court with respect to any exercise or proposed exercise of any of the powers of the liquidator under the Companies Act, section 175(3) and section 176(5). The provisional liquidator himself may apply for directions from the Bermuda Court under the Companies Act, section 176(3).

21. There are other important statutory provisions which come into play in a liquidation. Present and former officers of the company are obliged to give information to the provisional or permanent liquidator. They and any other party with material information can, if the Bermuda Court so orders, be required to answer written or oral questions on oath: Companies

Act Section 195. The Bermuda Court can also order summary turnover of assets or documents of the company to the provisional or permanent liquidator: Companies Act Section 195.

22. Under the Companies Act the powers of the JPLs include, the powers:

22.1. to enter into settlements and compromises with any creditors and any debtors of Gerova without further order or other approval or formality;

22.2. to carry on all or any portion of the business of Gerova so far as may be necessary for the beneficial winding-up of Gerova;

22.3. to bring or defend any action or other legal proceedings in the name and on behalf of Gerova;

22.4. to sell the real and personal property and things in action of Gerova;

22.5. to see, review, secure, take possession of and copy any books and records (of whatever nature) relating to Gerova's management in the offices of Gerova's management or former officers or elsewhere both in this jurisdiction and in any other jurisdiction;

22.6. to conduct such investigations and obtain such information as is necessary to locate, protect, secure, take possession of, collect and get in the assets of Gerova and determine liabilities or to enable the liquidation to proceed in a speedy and efficient manner; and

22.7. to do all such things as may be necessary or expedient for the protection of Gerova's property or assets.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 24th day of August
2012 in Hamilton, Bermuda

Robin J Mayor

Exhibit A

IN THE SUPREME COURT OF BERMUDA

COMPANIES (WINDING UP)

2011: No. 369

Hon. Kawaley J on 9 March 2012
IN THE MATTER OF GEROVA FINANCIAL GROUP LIMITED
COMPANY NO: 44558

AND IN THE MATTER OF THE COMPANIES ACT 1981

ORDER

UPON the Summons of Maxim Group LLC dated 3 February 2012
AND UPON HEARING counsel for Maxim Group LLC AND counsel for the Company
IT IS ORDERED that:

1. Maxim Group LLC, be substituted for the Petitioners;

2. Maxim Group LLC, have leave to amend the Petition in the manner shown in red on the Amended Petition attached to this Order;

3. The costs of the application be reserved to be determined after the hearing of the Petition.

DATED this day of 2012

____

HON. KAWALEY J

IN THE SUPREME COURT OF BERMUDA

COMPANIES (WINDING UP)

2011: No. 369

IN THE MATTER OF GEROVA FINANCIAL GROUP LIMITED COMPANY NO: 44558

AND IN THE MATTER OF THE COMPANIES ACT 1981

ORDER

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IN THE SUPREME COURT OF BERMUDA

COMPANIES (WINDING UP)

2011: No. 369

IN THE MATTER OF GEROVA FINANCIAL GROUP, LTD (THE "COMPANY")
COMPANY NO: 44558

AND IN THE MATTER OF THE COMPANIES ACT 1981

AMENDED PETITION

TO THE SUPREME COURT OF BERMUDA

THE HUMBLE PETITION ~~Eric V. Seal~~ Maxim Group, LLC, of 405 Lexington Avenue, New York, New York 10174, United States of America (the "~~**First**~~ **Petitioner**"), ~~of 3641 Brumley Way, Carmel, Indiana 46033, United States, and Aramid Entertainment Fund Ltd. ("**Second Petitioner**"), of Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, Marseilles Capital, LLC ("**Third Petitioner**"), a limited liability company registered in Florida and whose registered office is at 2475 Marseille Drive, Palm Beach Gardens, FL 33410, United States of America, (each a "**Petitioner**" and collectively, "**Petitioners**")~~ **SHOWETH AS FOLLOWS**:-

1. The Company was incorporated on 22 March 2007 pursuant to the laws of the Cayman Islands as "Asia Special Situations Acquisition Corporation".

2. By the Amended and Restated Articles apparently adopted by the Company by special resolution in May 2007, the objects for which the Company was established were unrestricted.

3. The Company was continued as an exempted company in the Islands of Bermuda pursuant to section 132C of the Companies Act 1981 (the "Act").

4. The objects of the Company under the memorandum of continuance are unrestricted. New Bye Laws governed the Company upon its continuance in Bermuda.

5. The Company's registered office is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The Company's last known principal place of business in Bermuda was at Cumberland House, 5th Floor, 1 Victoria Street, Hamilton, HM 11, Bermuda, although it is understood these premises have now been vacated.

6. The Petitioners does not know the authorized share capital as of the date of incorporation in 2007.

7. The authorized share capital of the Company as at the date of continuance was US$10,000,000 divided into 100,000,000,000 shares of US$0.0001 each.

8. The authorized but unissued share capital of the Company was diminished by written resolution of the Company on November 19, 2010, by US$9,000,000 to US$1,000,000.

9. As at 22 November 2010, the authorized share capital of the Company was US$1,000,000 divided into 2,000,000,000 ordinary shares.

10. The Petitioners does not know the Company's current issued share capital.

11. The Company states that it was "*formed as a blank check company . . . for the purpose of acquiring control of one or more unidentified operating businesses, through a capital stock exchange, asset acquisition, stock purchase, or other similar transaction, including obtaining a majority interest through contractual arrangements*".

12. Paragraph 171 of the Amended and Restated Articles of Association provided that "*In the event that the Company does not consummate a Business Combination by the*

later of (i) eighteen months after the consummation of the IPO or (ii) twenty four months after the consummation of the IPO in the event that either a letter of intent, an agreement in principle or a definitive agreement to complete a Business Combination was executed but was not consummated within such eighteen month period, this shall trigger an automatic right of redemption (the "Dissolution Redemption")", following which Members holding "IPO Shares" would be entitled to a distribution. By paragraph 168 of the Amended and Restated Articles, "Business Combination" meant "*the acquisition by the Company, whether by share capital exchange, asset or share acquisition, or other similar type of transaction of a Company (the "target business") which is an operating business having its primary operations in Asia and in which the collective fair market value of the target business or businesses is at least 80 per cent. of the assets of the Company held in trust net of taxes) at the time of the Business Combination*".

13. The Business Combination provisions were not retained in the Bye Laws which governed the Company from the date of its continuance in Bermuda

14. The Company represents that its principal activities are insurance, re-insurance and financial services. The Company claims to be an "*international reinsurance company focused on the life and annuity reinsurance markets, in addition to a niche property and casualty business*".

15. The current directors of the Company, as set forth in the register of directors and officers dated 6 January 2012, are Marty Goldrod, ~~Gary Hirst,~~ Kia Jam, Huw Jones, Andrew Tse and Eugene Scher. One Gary Hirst appeared on the registered of directors and officers as late as 24 November 2011, but seems recently to have been removed from the register.

Overview

16. The Petitioner~~s~~ ~~are~~is a creditor~~s~~ of the Company. The Petitioner~~s~~ seeks the winding-up of the Company on the basis that it is unable to pay its debts and because it is just and equitable to do so.

17. The Company owes the Petitioner $2 million. This sum represents a deferred fee for services provided by the Petitioner to the Company up to three years ago, and which the Company was unable to pay when the debt fell due. The Petitioner is also a contingent creditor in respect of its costs of enforcement of the debt. ~~The First and Third Petitioners are the beneficial owners of judgment debts against the Company with an aggregate value of approximately $1,4500,000.~~ The Petitioners ha~~ves~~ details, recited in this Petition, of ~~an~~other unsatisfied ~~judgment~~ debts in the region of $4 $10 million~~, bringing the aggregate value of known judgment debts to approximately $4.5 million~~. The Company has studiously ignored these debts and, in one case, gone so far as to state its intention not to pay.

18. Notwithstanding its obligations to creditors, the Company currently seeks to make a substantial ~~distribution~~ return of assets to shareholders. The value of the distribution is unknown but expected to be in the hundreds of millions of dollars. The assets to be distributed represent funds that should be available to pay the debts of creditors and (given the Company's insolvency) are subject to a contingent statutory scheme for their benefit.

19. The Company has no management, nominal or substantive. It has failed to fulfill the purpose for which it was formed. Its plain strategy is to appease an aggrieved shareholder class at the expense of creditors.

20. The Company's chief assets, while valuable, are of an illiquid nature and in some cases require on-going servicing costs. The Company has shown signs of being unable to fund the costs of maintaining those assets. The delinquent management of the Company leads creditors to doubt the existence of operational structures necessary to see that assets are preserved.

The Petitioner

20A The Petitioner was the lead underwriter on the Company's IPO in 2008, an offering which generated $115 million in gross proceeds. Following a business combination that occurred in January 2010, the Company owed the Petitioner in excess of $3

million by way of a deferred underwriting fee. However, the Company advised the Petitioner that it was unable to satisfy that debt. The Petitioner agreed to defer payment for nearly two years, until 15 December 2011 or earlier date in the event of prescribed default. This deferral was effected via a Settlement Agreement with the Company, as of 19 February 2010, and Promissory Note issued by the Company as of the same date. The Settlement Agreement also obliged the Company to pay the Petitioner's costs of enforcement.

20B After continuing without dismissal for 61 days, the Petition proceedings represented an Event of Default under the Note. Accordingly, the Petitioner served notice of default on the Company on 12 December 2011. Since the sum of $1.3 million fell due in any event on 15 December 2011, the Petitioner also served notice as of that date. By the terms of the Settlement Agreement and the Note, the debt increased to $2 million 10 business days following service of notice. The Company failed to pay $1.3 million within the notice period, and accordingly the Petitioner is owed the sum of $2 million.

20C In mid-December 2011, the Petitioner contacted Mr Eugene Scher, a director of the Company, regarding the debt. Mr Scher would not give unequivocal assurance that the debt would be paid. Instead, he advised the Petitioner to communicate with the Company's attorney, Alex Weingarten of Spillane & Weingarten, LLP. When the Petitioner spoke to Mr Weingarten, he advised that the Company was unable to pay the debt owing to lack of funds. Mr Weingarten said that he represented another company, CAC Group, Inc., and that this company would purchase the debt for $250,000 provided the Petitioner "co-operate" with it and the Company in connection with the Petition proceedings.

20D These terms were not acceptable to the Petitioner and, having despaired of collecting the debt, accordingly sought leave to be substituted on, and to amend, the Petition.

20E On 13 January 2012, CAC Group, Inc., commenced proceedings against the Petitioner in the Superior Court for the State of California seeking, among other relief, damages and specific performance of an alleged contract to sell the Petitioner's

debt. However, as above, no agreement to sell the debt was ever concluded because the terms were unacceptable. The Petitioner contests the allegations in the Complaint and has sought to remove the proceedings to the United States District Court.

Other unpaid debts verified by previous petitioners

~~First Petitioner~~Mr Eric Seal

21. ~~The First Petitioner is A~~An individual businessman, ~~whose principal place of business is in Indianapolis, Marion County, Indiana.~~ one Eric Seal, agreed ~~B~~ by a letter agreement dated 26 October 2010, ~~the First Petitioner agreed~~ to provide financial consultancy "Services" to the Company in return for (among other things) a retainer fee in the amount of $100,000 payable in two installments of $33,333 and one (final) installment of $33,334. The Company agreed to reimburse ~~the First Petitioner~~ him in respect of eligible expenses. The letter agreement made express choice of the laws of the State of New York as its governing law. The Company agreed in the letter agreement to reimburse ~~the First Petitioner~~ Mr Seal in full for all costs and expenses incurred by ~~the First Petitioner~~ him in connection with any dispute relating to the letter agreement in which ~~the First Petitioner~~ he prevails.

22. ~~The First Petitioner~~ Mr Seal performed the Services. Payment of the second installment of the retainer fee fell due on 30 November 2010 and payment of final installment fell due on 27 December 2010. The Company failed to pay when due, and has still failed to pay, the second and the final installments. ~~The First Petitioner~~ Mr Seal incurred eligible expenses in the sum of $1,718.47.

23. On 17 March 2011, ~~the First Petitioner~~ Mr Seal demanded in writing payment of the outstanding retainer fee of $66,667. The Company ignored ~~the First Petitioner's~~ his demand.

24. On 14 April 2011, ~~the First Petitioner~~ Mr Seal commenced summons action number 49D11 11 04 CC 014674 in the Superior Court of Marion County, Indiana in which ~~the First Petitioner~~ he sought judgment against the Company in the principal sum of $66,667.16, expenses of $1,718.47, interest, attorneys fees and court costs. The

Summons was served on the Company at its registered office on 1 June 2011. The Company failed to plead to the ~~First Petitioner's~~ Complaint and on 29 June 2011 Default Judgment was entered against the Company in the sum of $68,385.47 plus attorney fees of $22,795.16.

25. The Default Judgment was transmitted ~~by the First Petitioner~~ on July 11, 2011 to individuals holding positions on the Board or senior administrative positions at the Company, and to the Company's attorneys, Spillane Weingarten, LLP, located in Los Angeles, California, on July 14, 2011. The Company has failed to satisfy the Default Judgment and failed to respond in any way until one month after presentation of the Petition. At this stage, the Company moved to vacate the Default Judgment, which motion was granted on 19 December 2011. The Company indicated alleged defences to the claims for indemnity based on Mr Seal's performance of the Services but since (among other matters) (a) Mr Seal's right to the entire retainer was fully accrued as of commencement of the letter agreement, (b) the Company tenders no defence to payment of expenses, and (c) the Company at no stage adverted to such alleged defences until presentation of the Petition (and it cannot reasonably be assumed to have months and months in which to sit on such allegations of egregious conduct), it is plain that the defences are neither substantial nor raised in good faith. Allegations of counterclaims by the Company based on harm suffered by Mr Seal's conduct are, under the circumstances, equally probative of a want of good faith. On the relevant filing deadline on 9 January 2012, the Company instead moved to dismiss the proceedings on jurisdictional grounds. The Company has not filed a counterclaim nor any claim.

~~Second Petitioner~~Aramid Entertainment Fund Ltd

26. By a "CLAIM PURCHASE AGREEMENT AND ASSIGNMENT" executed on 7 October 2011 (the "Assignment"), ~~the~~Mr Seal agreed, for good consideration, to assign to Aramid Entertainment Fund Ltd the whole benefit of ~~the First Petitioner's~~ his Rights (as defined in the Assignment) in respect of the unpaid sums due under the letter agreement and the Default Judgment. The Rights included ~~the Second Petitioner's~~ ~~Mr Seal's~~ matured rights to payment of sums due pursuant to the

termination of the Employment Agreement and in relation to the Indiana action. The assignment of the Rights took effect automatically upon fulfillment of conditions precedent including presentation of this Petition.

~~Third Petitioner~~ Mr Lou Hensley

26A One Lou Hensley, formerly the President and Chief Executive Officer of Gerova Holdings Ltd. ("**Gerova Holdings**"), a 100% subsidiary of the Company incorporated in Bermuda, is owed $1.3 million pursuant to an "Employment Agreement" dated 1 April 2010, according to which the Company agreed to employ Mr Hensley for a period expiring on 31 March 2013 or such earlier date where terminated in accordance with the Employment Agreement. The Company agreed to pay (among other benefits) to him an annual "Basic Salary" of $400,000 and, following each "Anniversary Year" (the first of which elapsed on 31 March 2011), a "Performance Bonus" to be determined by the Board with a "target of 100%". Mr Hensley served as President and Chief Executive Officer of the Company until 31 May 2011.

26B Mr Hensley was entitled to indemnification by the Company in respect of eligible claims and expenses (including eligible attorneys' fees and expenses). In addition, the Company was to maintain directors' and officers' insurance for Mr Hensley's benefit, the terms of which he was entitled to review at any time upon request.

26C The Employment Agreement entitled Mr Hensley to terminate employment either for "Good Reason" or "voluntarily" upon the prescribed period of notice. He could terminate for Good Reason by notice within 60 days of knowledge of (among other events) failure by the Company to perform or observe any of its material obligations (including by failure to provide or cause the provision of compensation owing). The Company had 30 days to cure the default event upon expiry of which period (unless the default was cured) the Mr Hensley became entitled to (a) Basic Salary through to the remainder of the Employment Term, (b) 50% of the sum in (a) subject to an aggregate amount of $800,000 for both (a) and (b), (c) accrued but unpaid Performance Bonus, (d) eligible expenses, plus (e) health and other benefits. In addition, stock options granted by the Company would automatically vest and become immediately exercisable by Mr Hensley.

26D The expressly-chosen governing law of the Employment Agreement was the laws of the State of New York. Mr Hensley and the Company expressly submitted to the exclusive jurisdiction of the Federal district court of the State of North Carolina.

26E On or about 22 March 2011 (see further below), a class action complaint was filed against the Company, Mr Hensley and others alleging, among other things, securities fraud and breach of fiduciary duty. Mr Hensley incurred costs in defending himself. He demanded, pursuant to the Employment Agreement, indemnification by the Company and sight of the applicable directors' and officers' insurance. The Company failed to perform either obligation.

26F Mr Hensley gave notice of the Company's defaults by letter dated 27 April 2011. The Company failed to cure the defaults and by letter dated 31 May 2011 he confirmed that termination took effect as of the date of the letter. In the letter, he demanded performance of the Company's post-termination obligations as prescribed by the Employment Agreement.

26G In response, the Company orally informed him that it would indemnify him, but has failed to do so.

26H Mr Hensley is entitled to (among other sums) an amount in the sum of $33,333 by way of Basic Salary for work that he undertook for the Company 9 months ago, and (in the amount of $33,333) in respect of the "cure period". He is also entitled to sums by way of Basic Salary for the balance of the term of the Employment Contract, unpaid health insurance, and the applicable Performance Bonus. In addition, he is entitled to reimbursement of eligible expenses, that he was obliged to incur, in the sum of $21,785.

26I By a Complaint dated 25 July 2011, Mr Hensley commenced civil action 5:11-cv-100 in the Federal District Court of the Western District of North Carolina in the United States seeking specific performance and damages in respect of the Employment Contract.

26J On 26 September 2011, the Company filed an Answer and Counterclaim. On 11 October 2011, Mr Hensley filed an Answer to the Company's Counterclaim. The Answer generally denies allegations in the Complaint and pleads affirmative defenses based on unclean hands, waiver, discharge owing to breach of contract and lack of consideration. The Counterclaim seeks unliquidated damages for alleged loss purportedly caused by Mr Hensley as a result of his alleged failure to allow terms less favourable to the Company in negotiations with insurance company acquisition targets, and by allegedly failing to supervise an actuarial service provider in the preparation of materials for a potential financing.

26K The Answer and Counterclaim of the Company are frivolous and not advanced in good faith. Despite the Company's attempts to suggest otherwise, there is no substantive, good faith dispute about Mr Hensley's debt, nor a substantive counterclaim which exceeds the value of his debt.

Schillings

26M Messrs Schillings, a firm of solicitors regulated by the Solicitors Regulatory Authority in England & Wales, undertook work for the Company in January 2011. The Petitioner understands that Schillings billed the Company £45,584.73, received a retainer of £15,000, but in spite of repeated attempts to collect has still not been paid.

Mr Barry Blank

26N Mr. Barry Blank, a retired policeman and pensioner personally subscribed $100,000 worth of a convertible bond issued by the Company. The bond is in default.

Sitrick Brincko Group, LLC

26O Stirick Brincko Group, LLC (formerly Sitrick & Co.), a crisis management PR firm, was hired by the company to respond to incoming queries in 2011. It is understood that, continuing an established pattern the Company has not paid Stirick for work they performed. It is understood that the debt is for approximately $220,000.

Mr Lawrence Share

26P Mr Lawrence Share, a Florida resident who makes private investments for his own account. Mr Share loaned money to the Company in order to enable it to facilitate paying a portion of premiums due in connection with the acquisition, for approximately $105 million, of a portfolio of life policies owned by HM Ruby Fund LP ("**HM Ruby**"), a Delaware fund, pursuant to an Asset Purchase Agreement dated 21 December 2010 by and among the Company, HM Ruby and various subsidiaries. Pursuant to a Lending Purchase Agreement dated 29 December 2010, Mr Share advanced the sum of $1.4 million to the Company. Repayment was due on the earlier of sale of the subsidiary and 31 January 2011. By a Settlement Agreement dated 31 March 2011, the Asset Purchase Agreement was unwound. Mr Share's loans have not been repaid. He has been attempting to recover the funds from, among others, the Company through litigation in California. The Company unsuccessfully disputed jurisdiction but has not substantively defended the claim. Mr. Share obtained a writ enforceable against assets in California which, it is understood, remains unsatisfied.

Milliman, Inc.

26Q It is understood that debts are owing to subsidiary entities of Milliman, Inc, an international group of actuarial service providers, who performed services at the request of the Company in connection with the HM Ruby transaction. It is understood that the entities submitted invoices for amounts in the region of $50,000 in the United Kingdom and as much as a few hundred thousand dollars in the United States. These and subsequent communications from Milliman to the Company were studiously ignored.

Marseilles Capital, LLC/CAC Group Inc

27. On 8 April 2010 ~~the Third Petitioner~~ Marseilles Capital LLC and the Company entered into a Share Repurchase Agreement, which was duly filed with the Securities Exchange Commission on 12 April 2010. The Repurchase Agreement provided that the Company would repurchase and redeem 5,333,333 of its ordinary stock from ~~the Third Petitioner~~ Marseilles Capital LLC.

28. Pursuant to the agreement, ~~the Third Petitioner~~ Marseilles Capital LLC was required to deliver to the Company a stock power under which the Redemption Shares were to be endorsed for transfer to the Company. The agreement then provided that the Company would pay a total of amount of $900,000 in twelve equal instalments of $75,000 commencing on 8 April 2010.

29. The Company paid the first seven instalments, for a total of $525,000, but did not pay the remaining five. ~~The Third Petitioner~~ Marseilles Capital LLC filed suit in the United States District Court for the Southern District of Florida against the Company alleging breach of contract and seeking recovery of the remaining $375,000 due.

30. On 14 March 2011 ~~the Third Petitioner~~ Marseilles Capital LLC filed a Motion for final summary judgment in the amount of $375,000. The Company contested the application on the basis that summary judgment was not appropriate given the existence of a dispute regarding a material fact, that is to say whether ~~the Third Petitioner~~ Marseilles Capital LLC had fulfilled its obligation to deliver the stock power.

31. The Company's argument was rejected by the District Court, which found that there was undisputed evidence which showed that ~~the Third Petitioner~~ Marseilles Capital LLC had fulfilled its obligation under the Repurchase Agreement. The District Court issued an order for final summary judgment against the Company and in favour of ~~the Third Petitioner~~ Marseilles Capital LLC on 12 May 2011 for the amount of $375,000.00 together with interest at a rate of 0.20% per annum.

32. Motions for Writs of Garnishment and Writs of Garnishment were subsequently filed in the United States District Court for the Southern District of Florida and served on the following:

(a) Bank of America on 27 May 2011 - Bank of America denied being indebted to the Company or possessing any goods, monies, chattels or other effects of the Company at the time of service of the Writ of Garnishment. Marseilles Capital LLC ~~The Third Petitioner~~ filed a reply thereafter conceding that statutory attorneys' fees should be paid to the garnishee;

(b) Brevet Capital Management, LLC on 5 July 2011 - Brevet Capital similarly denied being indebted to the Company or possessing any goods, monies, chattels or other effects of the Company at the time of service of the Writ of Garnishment. ~~The Third Petitioner~~ Marseilles Capital LLC filed a reply on 8 August 2011 conceding that statutory attorney's fees should be paid to the garnishee, and the Writ of Garnishment was subsequently discharged on 28 September 2011;

(c) Net Five Holdings, LLC on 1 August 2011 - Net Five failed to file an answer and was therefore made the subject of a judgment in default on 21 September 2011;

(d) Stillwater Capital Partners, Inc on 12 September 2011 – Stillwater denied being indebted to the Company or possessing any goods, monies, chattels or other effects of the Company at the time of service of the Writ of Garnishment.

(e) Ticonderoga Securities, LLC on 15 June 2011 - Ticonderoga failed to file an answer and was therefore made the subject of a judgment in default on 3 August 2011;

(f) Vensure Employer Services, Inc on 29 June 2011 - Vensure denied being indebted to the Company or possessing any goods, monies, chattels or other effects of the Company at the time of service of the Writ of Garnishment. ~~The Third Petitioner~~ Marseilles Capital LLC filed a reply on 28 September 2011 conceding that statutory attorneys' fees should be paid to the garnishee;

(g) Weston Capital Asset Management, LLC on 3 June 2011 – Weston Capital failed to file an answer and was therefore made the subject of a judgment in default on 29 July 2011; and

(h) Wimbledon HDN Fund, LP on 3 June 2011 - Wimbledon failed to file an answer and was therefore made subject of a judgment in default on 29 July 2011.

33. The entirety of the judgment debt remains unsatisfied despite repeated attempts to obtain settlement. ~~Attempts at garnishment are in some cases on-going but have so far proved unsuccessful.~~ ~~The Third Petitioner~~ Marseilles Capital LLC contacted the Corporate Administrator of the Company by telephone concerning collection of the debt but was told in no uncertain terms that the Company did not intend to pay. No reason was offered.

33A Alleged defences and counterclaims were raised by the Company in respect of the debts for the first time on 7 November 2011, weeks after presentation of the Petition. On or around 6 December 2011, Marseilles Capital LLC assigned, for consideration, the whole benefit of the debt to CAC Group, Inc, an entity constituted according to the laws of Delaware. A director of CAC Group, Inc, who is also a director of the Company, Kia Jam, has confirmed in sworn evidence in the petition proceedings that the debt is expected to be paid. As such the debt is now understood *not* to be disputed by the Company. Accordingly, while CAC Group, Inc opposes the petition, it remains the case that the debt is undisputed. CAC Group, Inc has not advised the court of any change in its status as a creditor so it is to be inferred that the debt also remains unpaid.

~~**Further unsatisfied judgment debts of which the Petitioners are aware**~~

Marshall Manley/CAC Group Inc

34. The Petitioners haves received details of a~~n additional~~ judgment debt formerly owing by the Company to one Marshall Manley who was, between January and April 2010, Chief Executive Officer of the Company and Chairman of its Board of Directors. The debt arises from Mr. Manley's employment by the Company, the terms of which were set forth in an "Employment Agreement" dated 1 December 2009.

35. Mr. Manley and the Company terminated the Employment Agreement effective 8 April 2010. By a Separation Agreement and Release, the Company undertook (among other obligations) to pay: (a) the sum of $4 million to Mr. Manley in equal installments over the course of 40 months with the first installment due on 8 November 2010 (which 40-month period was referred to as the "Payout Period"); (b) during the Payout Period, a monthly car allowance equal to $1,000; (c) certain co-payments and out-of-pocket medical expenses. The Separation Agreement and Release made express choice of the laws of the State of Florida as its governing law and the Company and Mr. Manley expressly submitted to the jurisdiction of the Federal or state courts of Florida.

36. The Company registered the Separation Agreement and Release with the SEC on 12 April 2010 by filing Form 6-K to which the Separation Agreement and Release was exhibited.

37. The Company failed to discharge numerous obligations under the Separation Agreement and Release. On 19 November 2010, Mr. Manley commenced proceedings 9:10-cv-81500-WPD against the Company in the Federal Court of the Southern District of Florida seeking damages and other relief.

38. The Company failed to show cause within the prescribed period why partial summary judgment should not be entered against it. Accordingly, on 13 June 2011, partial judgment was entered in favour of Mr. Manley in the sum of $716,092.58 for the amount unpaid to 8 May 2011. The Company has failed to settle the judgment debt.

39. Mr. Manley filed a second motion for partial summary judgment in proceedings 9:10-cv-81500-WPD on 15 September 2011. The Company was subsequently ordered to show cause by 3 October 2011 why further partial final judgment should not be entered. The Company failed to respond. In the course of the conversation referred to at paragraph 33, the Company also stated its intention not to pay Mr. Manley's debt.

40. Upon considering Mr. Manley's motion, on the United States District Court granted Mr. Manley's request for second summary judgment on 4 October 2011, and also entered a separate final judgment in his favour. Pursuant to the terms of the judgment, the Company was ordered to pay Mr. Manley a total of $3,340,816.09. The judgment sum comprised $411,816.09 in damages for breach of contract on account of the amounts that should have been paid to Mr. Manley through to 8 September 2011, and $2,929,000.00 in damages for anticipatory breach of contract on account of the amounts due under the agreement for the period 8 October 2011 through to 8 February 2014. The judgment sum carries interest at the statutory rate, pursuant to 28 U.S.C. §1961.

40A Alleged defences and counterclaims were raised by the Company in respect of the debts for the first time on 7 November 2011, weeks after presentation of the Petition and notwithstanding that answers had been filed in the Manley proceedings making no reference to the fresh defences and counterclaims (which answers, the Federal court determined, failed to show cause why Mr Manley was not entitled to summary judgment). The Manley debts were subsequently assigned to CAC Group, Inc apparently by means of the same assignment referred to in paragraph 34 above. It is understood, on the basis of the evidence of Mr Jam, that, in common with the Marseilles Capital, LLC debt, the Manley debts are unpaid and undisputed.

The Company is unable to pay its debts

41. The Company has consistently ignored demands for payment of sums certain owing to the Petitioners and to others. The Company has failed to pay the debts despite elapse of a reasonable time nor sought time or indulgence nor offered any substantive reason for its failure to pay. The Company ~~has~~ ignored the judgments entered for Mr

Seal~~the First Petitioner~~, ~~the Third Petitioner~~Marseilles Capital LLC and Mr. Manley, and only took steps in relation to them weeks after presentation of the Petition. While alleged grounds for disputing the Marseilles and Manley judgments were cited for the first time on 7 November 2011, the Company now indicates that it no longer intends to raise defences, casting doubt on the *bona fides* of the Company in purporting to raise them at all. The Company has otherwise not disputed liability to pay these amounts due~~and in two instances announced its intention not to pay at all~~. For the reasons above, the Company's new alleged defence to Mr Seal's debt and alleged counterclaim (which in any event the Company has not pleaded) are neither substantial nor *bona fide*, nor are the putative defences alluded to in respect of Mr Hensley's debt, nor the alleged counterclaim against him.

The Petitioners says that the Company is unable to pay its debts as they fall due. The Petitioners submits that, in the circumstances, the Company is unable to pay its debts and accordingly should be wound up.

Just and equitable to wind the Company up

Overview

42. The Company was formed as a "special purpose acquisition company", namely a company formed for the limited purpose of making acquisitions of business interests complying with prescribed criteria. The Company's first attempt at a business acquisition failed, and in 2009 the Company set about finding new investment opportunities. It acquired a group of investment funds at the beginning of 2010 in exchange for an issuance of shares. The transaction has had disastrous consequences for the Company. The fund valuations relied upon could not be supported by a subsequent independent audit, and accordingly tradable ordinary shares in the Company could not be issued to fund investors. Since the commencement of 2011, the Company has been in an advanced state of financial distress in that:

(a) As above, it has adopted a strategy of ignoring creditors;

(b) It has become besieged by shareholder litigation by aggrieved former-fund investors; and

(c) It is attempting to distribute 75% of its assets to pacify shareholders.

In the meantime, the Company has no effective management and there is reason to believe that its asset portfolio is becoming impaired. The funds to be distributed should instead be available to meet the Company's debts. Urgent intervention is required to ensure the preservation of assets for the benefit of its creditors.

The Stillwater acquisition

43. The Company's original investment objectives were as set out in the "Business Combination" provisions of its Amended and Restated Articles, as quoted above, and required any eligible business to have its primary operations in Asia. The object of the Company was to achieve an initial public offering on a listed exchange and, within the prescribed period, consummate a Business Combination. If the Business Combination objective could not be met, members would be entitled to redemption of their shares.

44. The Company's shares were listed on the American Stock Exchange ("AMEX") on 23 January 2008. Its initial offering (plus exercise of an over-allotment option held by its underwriter) yielded proceeds of $115 million.

45. The Company failed in its search for an appropriate Asian business. However, it endeavoured to pursue other investment opportunities.

46. The other opportunities which the Company wished to pursue involved investment in the insurance industry. However, the Company required capital to pursue this goal. The Company identified a potential source of capital in the form of two groups of funds managed, respectively, by (a) Stillwater Capital Partners, Inc. and Stillwater

Capital Partners, LLC (together, "Stillwater") on the one hand and (b) Weston Capital Management, LLC, ("Weston") on the other, each of which held valuable but illiquid assets. The Company resolved to acquire these groups in exchange for share issuances. The Company would then apply the fund assets to finance its planned insurance investments. In order to get shareholder approval of the acquisitions and to cover the cost of the acquisitions the Company expended substantially all of its cash.

47. In late 2009, the Company commenced negotiations with Stillwater. The Stillwater group comprised onshore and offshore funds. The underlying investments comprised loans financing the purchase of life insurance policies, real estate, working capital for United States law firms undertaking matters on a contingency fee basis and other loans it described as "asset-backed".

48. The Stillwater funds were in a state of distress owing to (among other things) the illiquidity of their investment portfolio. As recited in publicly available pleadings and court transcripts available from court dockets in the United States (including in relation to litigation referred to below), Stillwater funds had substantial debts to accrued redemption creditors understood to be approximately $100 million. The funds had severe difficulty in meeting redemption demands from their investors.

49. The Company offered Stillwater investors restricted shares in the Company in exchange for underlying assets (the loan portfolios, and so on) held through the Stillwater funds. The restricted shares were to convert into ordinary shares, in a number based on the net asset value of the Stillwater funds. Details of the proposal as set forth in a "Consent Letter" released by Stillwater to its investors have been recited in publicly available pleadings and transcripts in litigation in the United States. The terms of the restricted shares were also publicized in the Company's corporate filings. It was this acquisition which, owing to accounting irregularities at Stillwater, was to bring about the Company's demise.

50. The Stillwater funds had been valued during 2009. For the purposes of the acquisition, "high-end" fair value figures were applied (at a value of approximately $541 million). The number of ordinary shares to be issued by the Company in

exchange for the funds was to be based on the net asset values as adjusted by an independent audit of the assets as of 31 December 2009. The audited numbers were to be published by 31 March 2010.

51. The ordinary shares issued on conversion were to be registered with the United States Securities and Exchange Commission ("SEC"), thereby becoming tradable securities. 1/6th of the restricted shares issued to Stillwater investors were to be convertible into freely tradable shares beginning on 31 July 2010 with a further 1/6th of restricted shares converting at the end of each succeeding month of 2010 (though this date was later revised and pushed out further, to January of 2011). Conversion was conditional upon the Company's filing its registration statement with the SEC, following release of audited accounts.

52. On or prior to the acquisition, Stillwater made a distribution to its redemption creditors. For the purpose of the distribution, assets were valued using the "mid-point" of the 2009 valuations. The transactions were booked on the Stillwater funds' financials to December 2009.

53. Effective with the execution of the acquisition agreements, on January 6, 2010, the Company changed its name to Gerova Financial Group, Ltd.

54. However, the conversion of shares could not take place as planned. As above, registration of the shares was dependent upon a clean audit opinion concerning the final net asset values. The Petitioners understands that a clean audit opinion proved impracticable. Because the Stillwater funds had been valued using high-end figures for the purposes of the acquisition, but valued using mid-point figures for the distribution to redemption creditors (just days from the date of the acquisition), Stillwater's financials were internally inconsistent. The auditor announced that this was not GAAP compliant and that it could not provide a clean opinion (absent a substantial write-down, which it appears the Company would not entertain). Based on the Company's Form 6-K, it appears that the Company incurred penalties to the Stillwater investors as a result of delay in registration. It goes without saying that without registration the shares are not publicly tradable, thus failing to provide the Stillwater investors with the liquidity that the acquisition promised.

55. As of 23 April 2010, the holders of over two-thirds of the Company's outstanding voting shares, including the record holders of 742,250 of the restricted shares, consented to a modification of the conversion terms of the restricted shares, by providing that the restricted shares may be converted at any time into ordinary shares at a conversion price of $6.00. Previously, the restricted shares were convertible at a price of $7.50. On May 12, 2010, after the Company's extraordinary general meeting, all of the preferred shares were converted into ordinary shares. Upon conversion, the holders of the preferred shares received up to a maximum of 123,708,333 of ordinary shares, subject to reduction based on appraisals and audits of the net asset values of the assets acquired in the Stillwater and Wimbledon transactions.

56. The Petitioners does not know whether the ordinary shares were in fact ultimately issued. Even if they were, the Petitioners understands that it was nevertheless not possible to register the ordinary shares, as a result of which the Stillwater investors did not receive the liquid securities that they sought.

Litigation following the Stillwater acquisition

57. A wave of litigation against Stillwater and / or the Company ensued:

(a) On 22 March 2011, three individuals (Margie Goldberg, Maurice Hanan and Renee Salam Hanan) commenced a class action ("Goldberg Proceedings") in the United States District Court for the Eastern District of New York against the Company, Stillwater Capital Partners LLC, Stillwater Capital Partners, Inc, a joint venture vehicle formed by the Company to hold real estate assets (the "Net Five Joint Venture"), and various individuals including members of the Board of the Company. In the proceedings, the Class Plaintiffs seek various relief, on behalf of themselves and all similarly situated parties, including damages, an account of profits, disgorgement and appointment of a receiver.

(b) In the Spring of 2011, a group of former Stillwater investors, Eden Rock Finance Fund LP, Eden Rock Finance Master Limited, and Eden Rock Unleveraged Finance Master Limited ("Eden Rock Plaintiffs") commenced proceedings (the "Eden Rock Proceedings") in the Supreme Court of the State of New York with Index No. 650613/11, in which they sought to arrest the proposed unwind by appointment of a receiver over the Stillwater assets. The Plaintiffs in those proceedings purport to be redemption creditors of the Company in the sum of $30 million. At an interim hearing on 10 May 2011, it was proposed that the Eden Rock Plaintiffs discuss with the Company their induction to the Advisory Committee. The status of the receivership application is not known.

(c) On 21 April 2011, Julie Russo, a Stillwater investor and holder of restricted shares in the Company, commenced a class action ("Russo Proceedings") in the United States Court for the Southern District of New York against the Company and others seeking damages and other relief.

The Petitioners believes that there are several other cases pending but do not purport to present the Court with a comprehensive listing here.

Proposed ~~distribution~~ return of assets to shareholders

58. The Company now seeks to "unwind or otherwise undo" the purchase of Stillwater assets. To this end, on 5 May 2011, the Company signed a Letter of Intent (the "LOI") with several (but not all) former Stillwater investors who were by this time shareholders of the Company.

59. According to the Company's representations in U.S. court proceedings referred to above, the LOI represents a preliminary binding agreement to "unwind" the Stillwater acquisition. It will return to Stillwater investors those assets which have not already been disposed of since transfer. These are to be transferred to special purpose vehicles for the benefit of former Stillwater investors. Shares issued in consideration of the Stillwater purchase will be cancelled. It is also anticipated that the Company's (~~51~~49%) stake in the Net Five Joint Venture will also be transferred. The only former

Stillwater assets remaining in the ownership of the Company will be life settlement related assets, although the Company will be obliged to pay 50% of all death benefits or sales proceeds arising on the life settlements portfolio to the former Stillwater investors.

60. The "unwind" appears to be subject to the advice of an "Advisory Committee" which the Company says comprises a majority of the 20 largest former Stillwater investors who are currently either shareholders of the Company or creditors of subsidiaries of the Company. The precise strategy involved in unwinding the transfer is not known to the Petitioners. The details of the LOI are confidential. However, the ultimate goal appears to be that the assets will be managed, post-transfer, by the current managers, but with a view to sale or other realization or in-kind distribution among former Stillwater investors.

61. It is evident that the Company is attempting a members' voluntary liquidation at a time when it is acutely unable to pay its debts. To the Petitioners's knowledge, the Company would receive no substantive consideration. The Petitioners ha~~ve~~s not been consulted, nor has Mr. Manley, consistent with the Company's apparent strategy of declining to acknowledge its debts. The "unwind" is plainly to the detriment of creditors, whose debts the Company chooses to ignore. The Petitioners say that intervention is required urgently to prevent the dissipation of 75% of the assets of the Company. These are assets upon whose continued possession by the Company the creditors relied when allowing the Company to incur the debts. Moreover, in announcing the unwind, the Company unequivocally acknowledges the termination of substantially all its business activities.

Dissipation of assets

62. The Petitioners's best understanding of the Company's key assets appears below.

(a) As a result of the Stillwater acquisition, the Company indirectly owns the Stillwater fund assets through eight subsidiaries of the Company variously incorporated in the Cayman Islands, Delaware, Florida, and the Marshall Islands.

(b) The Weston assets are held by the Company through WFM Holdings Ltd., a Cayman incorporated entity which owns two hedge funds: Wimbledon Real Estate Financing Master Fund Ltd. and Wimbledon Financing Master Fund Ltd (both Cayman-incorporated entities). It is understood that the Weston assets were valued at around $106 million.

(c) The Stillwater and Weston transactions enabled the Company to purchase 38% of the equity of Northstar Group Holdings Limited ("Northstar") and 81.5% of the equity of Amalphis Group, Inc, ("Amalphis") two insurance and reinsurance group holding companies.

(d) Northstar is a company incorporated in Bermuda and registered by the Bermuda Monetary Authority as a manager insurer. It is the owner of ~~Northstar Financial Services (Bermuda) Limited, a Bermuda-incorporated company registered by the Authority as a long-term insurer,~~ Northstar Reinsurance Ltd. a Bermuda-incorporated entity which – the Petitioner believes – was formerly registered by the Authority as a long-term and Class 3 reinsurer but which appears no longer to carry on insurance business in Bermuda, and Northstar Reinsurance Ireland Limited, a pure reinsurer authorised by the Irish Central Bank. It is understood that Commerzbank AG Bank is a substantial investor in Northstar. Northstar Reinsurance Ireland Limited is in runoff and actively seeking to commute or novate its business.

(e) Amalphis is a company incorporated in the British Virgin Islands. It is the owner of Allied Provident Insurance Inc., a Barbados-incorporated company licensed to carry on insurance business in Barbados.

(f) At a date not known to the Petitioners, the Company acquired 81% of Gerova Media Group, Ltd., ("Gerova Media") a company incorporated in Bermuda. Gerova Media owns Gerova Media Group UK Ltd., an English-incorporated company which owns a London based music post production sound provider.

(g) Using capital acquired through the Stillwater acquisition, the Company incorporated in June 2010, Gerova Reinsurance Ltd ("Gerova Re"), a subsidiary of the Company, which received a provisional and restricted, registration as a Class 3B insurer from the Authority. The registration was withdrawn on 4 July 2011.

As above, a sizeable proportion of the Company's equity interest in these assets will be drastically impaired should the "unwind" go ahead. Management of the Company should be taken from the hands of those currently exercising control and the assets should be preserved for the settlement of debts of Creditors.

63. However, even absent the "unwind", there are numerous reasons to doubt the continued security of assets held through the Company's subsidiaries.

(a) Litigation is on-going in relation to assets indirectly owned by the Company. Certain of the Stillwater assets, including loans to United States law firms, formed assets backing a securitization under which the sale notes issued by a special purpose vehicle funded the advance of further loans.

(b) The issuer has defaulted on at least one such note issuance, purchased by Partner Reinsurance Company Limited. As a result, the issuer has surrendered and transferred to Partner Re its rights to and interest in the loan receivable and underlying collateral. In LFR Collections LLC v James E. Carter & Associates LLC and another, commenced on 19 September 2011 in the Supreme Court of the State of New York, the Plaintiff seeks to recover underlying receivables, interest and fees in the amount of $3,854,371.41.

(c) According to testimony of Stillwater management in litigation referred to above, life settlement policies acquired by the Company lapsed following the Stillwater acquisition. It appears that this was because the Company lacked cash to pay premiums, as a result of the failure of other parts of its

portfolio to produce liquidity with the expected frequency. The Petitioners does not know the current condition of the portfolios.

64. All of these factors add to the fears of the Petitioners regarding the continuing security of assets of the Company.

Wider demise of the Company

65. During early 2011, the intractable financial problems of the Company led to the collapse of its fortunes. It is plain that the Company's investment objectives have been a comprehensive failure and that no further meaningful business activity can be expected.

(a) Between January 2011 and late February, shares in the Company tumbled from approximately $30 per share to less than $6.

(b) In September 2010, the Company had been admitted to trade on the New York Stock Exchange ("NYSE") under the symbol "GFC" (thereby transferring its listing from the AMEX). On 24 February –2011, the Company's shares were suspended from trading by the NYSE, which issued the Company a de-listing notice for failure to comply with certain minimum listing requirements, including not having at least 400 shareholders of record. At that time, the Company issued a statement saying it "concurred" with the decision of the NYSE, but intended to examine ways in which it could come back into compliance and remain listed.

(c) By February 2011, the Company's anticipated acquisition (announced on 7 December 2010) of London-best investment bank Seymour Peirce Holdings Ltd. and New York-based institutional broker-dealer Ticonderoga Securities, had been called off.

(d) In February 2011, the Authority placed further restrictions on Gerova Re, which included not being able to establish any re/insurance contracts, pay

dividends or make any capital contributions to its parent company or affiliates, without the Authority's agreement. The restriction is consistent with concerns by the Authority for the financial stability of the registered entity's controlling parent, the Company.

(e) On April 19, 2011, the Company commenced the process of voluntarily de-listing its shares by filing Form 25 with the Securities and Exchange Commission.

(f) On May 2, 2011, Park Properties, the owner of the leased offices of the Company's subsidiary, Gerova Re, at Cumberland House, posted a notice of termination of the lease in the Royal Gazette.

(g) On July 4, 2011, the Bermuda Monetary Authority withdrew the registration (as a Class 3B insurer) of the Company's subsidiary, Gerova Re.

65A In proceedings launched on 22 December 2011, by one of the Company's original sponsors, in the Superior Court of the State of California, in the County of San Francisco, against persons thought to be behind the promulgation of a report into alleged improper practices at the company, the Plaintiff summarized the predicament of the Company, by around first quarter 2011, as follows: *"the Company lost approximately $800 million in market capitalization in the course of less than three months, and Company failed to transform itself into a collection of successful operating companies, the business purpose for which it was formed in 2007, the business purpose in expectation of which Noble had invested almost $6 million in the Company in 2008…."* (paragraph 44 of the Complaint; Noble Investment Fund Limited v. Keith Dalrymple and others). Noble Investment is or was owned by one Arie van Roon, formerly a director of the Company. It is or was co-owner of another sponsoring entity, Allius Ltd., of which Gary Hirst (referred to in paragraph 15 of the Amended Petition).

66A By its own corporate filings (the Company's Form 20-F/A of 31 December 2009), upon returning funds to its original IPO investors at the start of 2010, the Company

was left with only $2.6 million. At best, this sum was completely absorbed by transactional costs and debts of other general creditors. The Company's next step was to acquire acutely and chronically illiquid assets through the Stillwater and Weston acquisitions. Far from producing net revenue, these assets carry very substantial on-going servicing costs which the Company and its subsidiaries are unable to finance. For example, neither the Company nor the relevant intermediate vehicle is able to pay its share of a capital contribution falling due in 2011 under a shareholder agreement relating to Northstar. The amount due is understood to rank in the tens of millions of dollars, given that the proportionate share (understood to be 23.7%) of the shortfall paid by co-owner, Argus Insurance Company Limited, was $11 million.

Failure to release 2010 financial report/obscurity of true financial position/failure to call AGM

66. It is impossible to ascertain the current balance sheet position of the Company. The Company has not issued financial statements since the end of 2009. Creditors and shareholders are completely in the dark as to the precise circumstances of the Company. The scale of the financial consequences of the Stillwater "unwind" on the Company's balance sheet is intolerably opaque. This cannot be allowed to continue. An independent office holder should be appointed to undertake a comprehensive statement of the affairs of the Company. As at the date of presentation of this Amended Petition, the Company has still failed to prepare audited financials for the 2010 year. It is understood that the Company is in default of its obligations to convene an annual general meeting in 2010 and 2011.

Lack of management

67. The Company appears to have key Board and/or management positions standing vacant.

68. On 10 February 2011, the Company amended its 6-K filing with the SEC and announced a "management restructuring", pursuant to which four board members resigned, three new ones were appointed and one Dennis Pelino was announced as the

chairman-elect, subject to certain conditions apparently relating to the terms of his engagement being agreed. Mr. Pelino did not take up duties as chairman.

69. On or about 10 May 2011, Mr. Pelino was indicted for, among other things, insider trading and failing to disclose relating party transactions relating to Xinhua Finance Limited, a publicly traded company in Asia where he had served as a board member. Mr. Pelino was charged with engaging in a conspiracy to defraud the SEC, investors, and others. The failure of Pelino to take up his announced duties represented the sixth instance in as many months of a failure, dismissal, resignation or termination of a senior officer, including the chairman, Chief Executive Officer and "acting Chief Executive Officer".

70. Until recently, management of the Company was devolved upon the non-exclusive and non-full time services of Mr. Hlavsa, as "acting Chief Financial Officer", and one Eugene Scher, as Chief Operating Officer. Mr. Hlasva left the board earlier this year. The Petitioners understands that Mr. Scher recently accepted a major executive board position at another public company.

71. Accordingly it appears that the Company has no Chief Executive Officer or Chairman of the Board. The Company is operating in secrecy, apparently without adequate management or operating structure.

JUST & EQUITABLE WINDING-UP: LOSS OF SUBSTRATUM/VOLUNTARY LIQUIDATION

72. The Company failed to consummate its "Business Combination" objective, the object expressly chosen by its articles.

73. The share price of the Company plummeted by 80%. The Company's shares have been delisted.

74. The reinsurance business, through the Company's subsidiary Gerova Re, formed in the wake of the Stillwater and Weston acquisitions, appears to have been permanently aborted as a result of the Authority's withdrawal of registration.

75. The Company has publicly conceded that it is negotiating a voluntary liquidation of assets which at the start of 2010 the Company alleged represented 75% of its total net assets.

76. The Company appears to be operating without adequate Board or management office holders.

JUST & EQUITABLE WINDING-UP: RISK OF LOSS OF ASSETS / HARM TO CREDITORS

77. In the context of numerous civil actions alleging among other things fraud, the Company is engaged in a voluntary liquidation of the majority of its assets for the benefit of its members.

78. The Petitioners ha~~ves~~ not been notified or consulted in any way concerning the "unwind". If the proposed plan is allowed to go forward, the assets will likely be completely dissipated prior to serious pending matters being adjudicated and without regard to the legitimate claims of current creditors. Previous petitioners sought on several occasions an undertaking from the Company that no further step be taken in respect of the "unwind" without notice. The Company has consistently refused to furnish such an undertaking.

79. The Company consistently ignores demands for payment of its debts. Indeed, the Company appears determined not to admit their existence. It has failed, and manifestly continues to fail to take into account the interests of creditors, or other parties in interest who have been harmed by the Company or otherwise have legitimate interests in a winding up.

80. The Company allowed life settlements policies, an important element of the Stillwater assets, to lapse following their acquisition.

81. The Company has failed to produce its 2010 financial report and gives no indication of any intention to cure this default. Creditors are kept unacceptably in the dark as to

this sizeable Company's balance sheet position. However, this is clearly not a case where extra time will make a difference. The Company appears to have abandoned reporting requirements in its race to unwind.

82. In the premises, the Company is wantonly acting to the detriment of its creditors. The Petitioners submits that the Company should be wound up, that the "unwind" procedure should be arrested, and the assets of the Company be managed in an orderly way with a view to a distribution to creditors.

83. Only a neutral and qualified liquidator, duly appointed by this Court, can equitably oversee the orderly administration of the Company's affairs and its dissolution.

JUST & EQUITABLE WINDING-UP: NEED FOR INVESTIGATION OF CLAIMS AGAINST THIRD PARTIES

84. The Petitioners ha~~ve~~s identified numerous civil proceedings against the Company, its Board and management, above.

85. Only an independent office holder will be in a position to investigate these claims and pursue responsible parties for the benefit of creditors.

THE PETITIONERS THEREFORE HUMBLY PRAYS AS FOLLOWS:

1. That the Company may be wound up under the provisions of the Companies Act 1981;

2. That a Provisional Liquidator of the Company be appointed (until the statutory first meetings of creditors and contributories) on the hearing of the Petition in the event the Court makes a winding-up order, if no Provisional Liquidator has been previously appointed;

3. That the Provisional Liquidator shall have the power to engage attorneys and agents for the purposes of securing and preserving assets of the Company in Bermuda and

any other jurisdiction and shall be at liberty to pay the costs of his fees, charges and expenses out of the assets of the Company;

4. That the Petitioner's costs of and occasioned by this Amended Petition be paid out of the assets of the Company; and

5. That such other order may be made in the premises as shall seem just.

It is intended to serve this Petition on:

(1) Gerova Financial Group Limited, Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda

(2) The Registrar of Companies, Government Administration Building, 30 Parliament Street, Hamilton, HM HX, Bermuda

DATED this ~~7~~th day of ~~October~~ 201~~1~~2

AMENDED pursuant to the order of Mr Justice Kawaley dated the 19th day of March 2012

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SEDGWICK CHUDLEIGH
Attorneys for the Petitioners

This Petition was taken out by:

Sedgwick Chudleigh,
E W Pearman Building,
20 Brunswick Street, Hamilton,
HM 10, Bermuda

THE ABOVE AMENDED PETITION having been presented to this Court on the ~~7~~th day of ~~October~~ in 201~~1~~2, it is ordered that this Amended Petition shall be heard before the Court sitting on the ~~10~~th day of ~~November~~ 201~~1~~2 at ~~3~~ o'clock in the ~~after~~noon.

DATED this ~~11~~th day of ~~October~~ 201~~1~~2

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REGISTRAR

IN THE SUPREME COURT OF BERMUDA

COMPANIES (WINDING UP)

2011: No.

IN THE MATTER OF GEROVA FINANCIAL GROUP, LTD (THE "COMPANY")

COMPANY NO: 44558

AND IN THE MATTER OF THE COMPANIES ACT 1981

<u>AMENDED</u> PETITION

Sedgwick Chudleigh
E W Pearman Building
20 Brunswick Street
Hamilton
HM 10, Bermuda

Attorneys for the Petitioner<u>s</u>